



Town of Garner

North Carolina

Popular Annual Financial Report

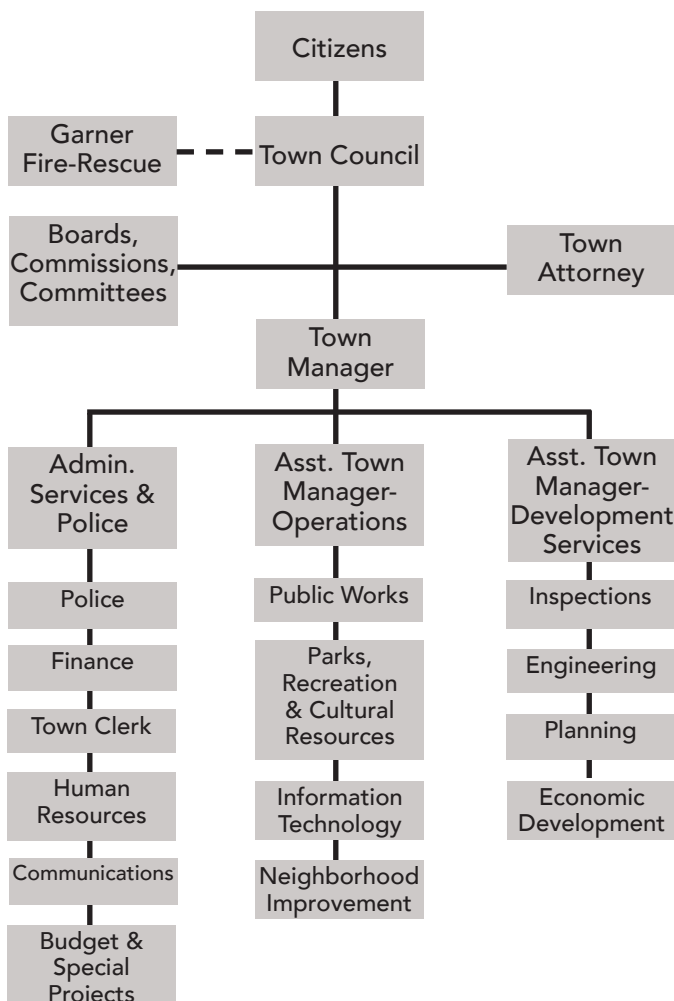
For fiscal year ended June 30, 2015



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Organizational Chart



Elected Officials

Garner has a council-manager form of government. The Town Council sets policies, enacts ordinances and appoints the town manager.

Mayor Ronnie Williams

Term: 4 years

Contact information: 919.772.5783
rwilliams@garnernc.gov

Town Council Members

Term: 4 years, at-large elections staggered every two years

Ken Marshburn, Mayor Pro Tem	919.662.0902
Kathy Behringer	919.772.3515
Jackie Johns	919.772.0929
Arthur "Buck" Kennedy	919.624.3696
Gra Singleton	919.772.0924

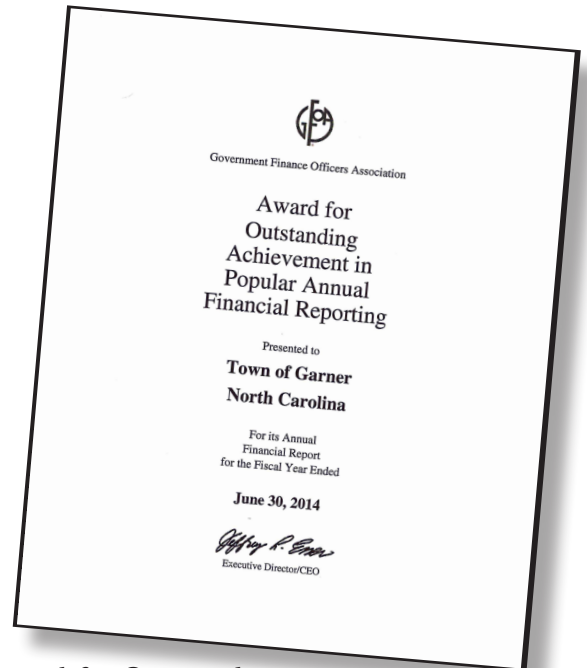


Message to the Citizens of Garner



THE TOWN OF GARNER is pleased to present the 2015 Popular Annual Financial Report (PAFR) for the year ended June 30, 2015. The report summarizes the financial activities of the Town's government and is intended to increase awareness throughout the community about the Town's fiscal operations.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award of Outstanding Achievement in Popular Annual Financial Reporting to the Town of Garner for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

This report is not intended to replace the Comprehensive Annual Financial Report (CAFR), from which the information in this document has been drawn. Unlike the PAFR, the CAFR complies with generally accepted accounting principles. It is available at Town Hall and on the Town website, garnernc.gov.

Sincerely,

A handwritten signature in black ink that reads "Ronnie S. Williams".

Ronnie S. Williams

Garner at a Glance

Quick Facts

- Population: 27,060
- Land area: 15.22
- Total employment: 15,191
- Civilian labor force: 14,454
- Unemployment rate: 4.9 percent
- Male: 48 percent
- Female: 52 percent
- White: 58 percent
- Non-white: 42 percent
- Major employers: Wake County Public School System, Food Lion, Walmart, Pergo, Cabela's, Golden State Foods, F&D Huebner LLC, Target, Strategic Behavioral Health, Kroger

The Town of Garner has a council-manager form of government with a mayor and five-mem-

ber Town Council. Elections for the office of Town Council are held at two-year intervals in the November of odd-numbered years. Elections are non-partisan, and all members of the Town Council are elected to four-year terms. The mayor is elected for a four-year term at the same time elections for Town Council are held.

The Town Council sets Town policies, enacts ordinances and appoints the town manager, who administers the daily operations and programs of the municipal government through the department heads and other staff members and employees.

The City of Raleigh's Public Utilities Department operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility that provide service to Garner.

The Town has seven community parks (including the new North Garner Dog Park) and several neighborhood parks totaling 350 acres. The system includes White Deer Park, a 96-acre passive park with a 2,500-square-foot LEED Gold-certified Nature Center. Special annual events include an Independence Day celebration, Carnaval Latino, Trick-or-Treat the Trails, Light Up Main, the Christmas Parade, Spring Eggstravaganza and a Groundhog Day celebration.

In addition, the Town-owned Garner Performing Arts Center in the historic downtown offers award-winning programming and a diverse array of shows by nationally touring acts.

The Town's Police and Public Works Departments were nationally accredited as of the end of FY 2014-15, and the Parks, Recreation and Cultural Resources Department also was pursuing national accreditation.

The National Civic League named Garner an All-America City in 2013. The prestigious designation recognizes a locality's high level of civic engagement as well as successes stemming from innovative, citizen-driven initiatives that address pressing challenges in the community.



Garner Performing Arts Center is home to a variety of shows and programs throughout the year.

2015 Milestones

- The Town continues to work on several projects related to the approved 2013 bond referendums. Projects completed during FY 2014-15 include the Town's first dog park (North Garner Dog Park), purchase of a mobile stage for the July 3rd celebration and other special events, dugout covers, fencing at the soccer field in South Garner Park, sidewalks along Claymore Drive and Buckingham Road and improvements at U.S. 70 and Jessup Drive.



- Cabela's, one of the country's largest outdoor retailers, started and completed construction on a 100,000-square-foot retail site in

Garner. This store is the company's first location in North Carolina. The store is spurring heavy commercial development at the intersection of White Oak/Jones Sausage Road and U.S. 70.

- The Town funded a new assistant fire chief for Garner Volunteer Fire-Rescue, Inc., to oversee the department's training and accreditation programs.

- The Garner Public Works Departments earned accreditation from the American Public Works Association. The department is the first in North Carolina, and only the 95th in the nation, to achieve this status.

- The Town funded new personnel in the Parks, Recreation and Cultural Resources Department to coordinate expanding programs and services. The Town also funded a new position in the Engineering Department and additional staffing changes in the Inspections Department to assist with the growing number of development requests.

- To facilitate development-related changes, the Town funded Phase I of a two-year planning process to include a new comprehensive plan,

revisions of the current transit plan and creation of a transit overlay district.

- The Town was awarded a \$210,000 grant by the John Rex Endowment to promote healthy eating and active living.

- For the first time ever, the Town received the Government Finance Officers Association's Award for Outstanding Achievement in Popular Annual Financial Report (PAFR). The report was for the fiscal year ending June 30, 2014. The Town also was honored for the 24th consecutive year for its Comprehensive Annual Financial Report (CAFR).

- Garner was selected to be one of only 18 communities nationwide to be getting Google Fiber's one-gigabit-per-second Internet service during its next phase of expansion. Garner is expected to enjoy considerable economic development benefits as a result of the super-high-speed Internet service.



- For the second consecutive year, Garner was honored as a Playful City USA by KaBOOM!, a national nonprofit dedicated to preserving and expanding play opportunities for America's children of all backgrounds.

- The Town continues to promote its designation as an All-America City awarded in June 2013. Promotional items have

been displayed throughout Town, and entrance and roadway signs placed throughout Garner.



2015 Financial Highlights



The FY 2014-15 bond issuance will fund, among other projects, a new Town Hall.

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$85.69 million (net position). Of this amount \$16.98 million (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.

- At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$47.7 million, or an increase of \$12.6 million.

- As of the close of the fiscal year, the Town's unassigned fund balance for the general fund was \$16.4 million, or 64.9 percent of total general fund expenditures and transfers out for the fiscal year. This amount is considered available for spending at the government's discretion.

- The Town's total debt increased by \$13.7 million during the fiscal year, as the Town issued its second set of general obligation (GO) bonds associated with the approval of the 2013 referendums.

- The Town maintained its bond rating of AA+ with Standard & Poor's and Aa2 with Moody's Investor's Service. These ratings are indicative of the strong financial position of the Town and resulted in favorable rates during the Town's most recent bond sale in March 2015.

General Fund Budgetary Highlights

The general fund is the chief operating fund of the Town. The fund balance of the Town's general fund increased \$2.5 million during the current fiscal year. Key factors in this increase are as follows:

- The Town recognized increases in state-shared sales taxes and taxes on electricity, natural gas and telecommunications due to a change in state laws effective July 1, 2014.

- The Town continues to see growth in commercial and multi-family residential development, resulting in additional permitting and inspection fees.

- The Town recognized a savings in personnel costs due to retirements of long-tenured employees. This turnover in employment also delayed some projects approved for the fiscal year.

Capital Projects Fund Budgetary Highlights

The capital projects fund is a multi-year fund used to account for the acquisition or construction of major facilities or infrastructure. Fund balance of the capital projects fund increased \$10 million. This increase was due to the issuance of \$14.67 million in general obligation bonds.

The Town as a Whole and Its Net Position

THE STATEMENT OF net position looks at the Town as a whole and is a useful indicator of the Town's financial position. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. The table to the right provides a summary of the net position for fiscal years 2014 and 2015.

The Town's net position exceeded liabilities by \$85,689,706 as of June 30, 2015. Approximately 75 percent of net position reflects the Town's investment in capital assets. The net investment in capital assets category is defined as the Town's investment in its own assets (e.g. land, buildings, equipment and infrastructure) less any related debt still outstanding issued to acquire those items. The Town uses these assets to provide services to citizens. An additional portion of net position (5.5 percent) is restricted. Restricted resources are subject to specific external legal restrictions that limit the Town's ability

Garner's Net Position

	<u>Governmental Activities</u>	
	2015	2014
Assets	\$132,100,635	\$115,696,899
Deferred outflows of resources	669,335	N/A
Liabilities	44,717,868	30,042,889
Deferred inflows of resources	2,362,396	3,957
Net Position		
Net investment in capital assets	63,979,719	65,505,673
Restricted	4,732,543	4,412,162
Unrestricted	16,977,444	15,732,218
TOTAL NET POSITION	\$85,689,706	\$85,650,053

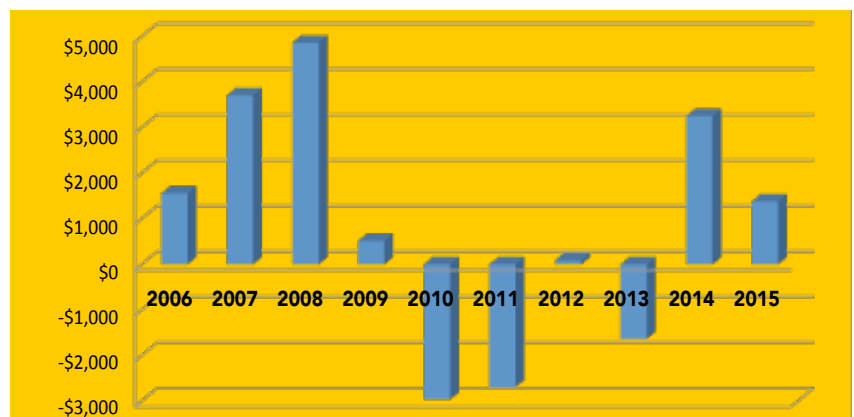
to use these funds beyond the purpose for which they are provided.

Net position increased by \$1.382 million, both from an increase in cash in the form of debt issuance that was not fully invested in capital assets at year end and a reduction in liabilities based on the amount of accounts payable and deposits on file at year end.

A POSITIVE NET POSITION means that Town assets exceed liabilities, and a negative net position means that liabilities exceed assets. The Town has grown its net position from \$21.591 million in 2006 to \$85.690 million in 2015 through good fiscal management and establishment of policies by the Town Council.

Changes in net position are representative of the total annual revenues compared to the total expenses. When revenues exceed expenditures, such was the case in 2015, net position improves. Key elements to the increase in net position for 2015 include the fact that sales tax revenue increased 8 percent due to the im-

Changes in Net Position (in thousands)



proved economy and changes in sales tax laws while expenses increased only 3.6 percent because of lower than anticipated personnel and maintenance costs.



A new mobile stage, funded by Garner's bond program, has enhanced the quality of several of Garner's outdoor events, including the annual July 3 Independence Day celebration at Lake Benson Park.

THE TOWN ISSUED its second set of general obligation bonds from the 2013 referendum, totaling \$14.67 million. These funds will be used for the construction of a new Town Hall, the Town's first indoor recreation center, other park improvements and several sidewalk construction projects. The Town also entered into a \$534,200 installment loan for the purchase of vehicles and equipment. Overall, total debt increased by \$13.3 million during the fiscal year.

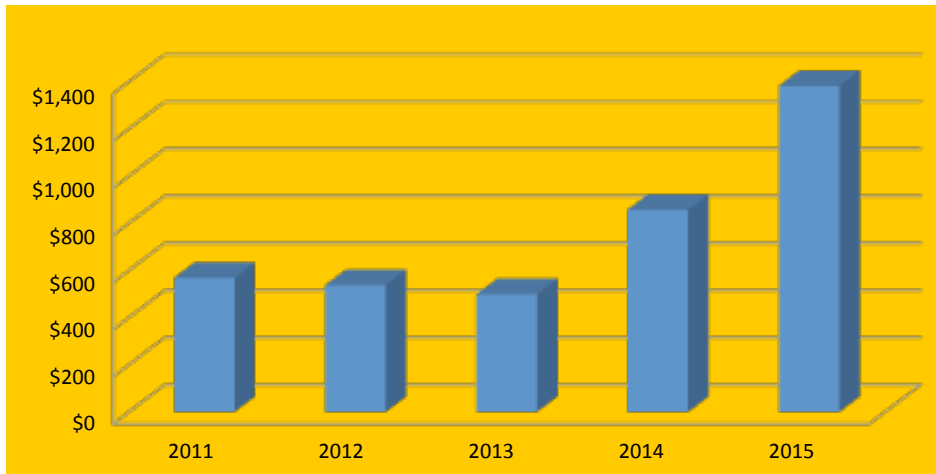
Although debt per capita increased (see chart on page 9), the issuance of the general obligation bonds was anticipated and will be offset by property tax rate increases approved in fiscal years 2015 and 2016.

Garner's Long-Term Debt

	2015	2014
General obligation bonds	\$29,760,000	\$15,525,000
Installment financing agreements	6,374,526	6,900,751
TOTAL	\$36,134,526	\$22,425,751

Projects completed during FY 2014-15 include the Town's first dog park, purchase of a mobile stage for the July 3rd celebration and other outdoor special events, dugout covers at ballfields, fencing at the soccer field in South Garner Park, sidewalks along Claymore Drive and Buckingham Road and improvements at U.S. 70 and Jessup Drive.

Debt Per Capita



Detailed information on the status of projects funded by the Town's voter-approved bond program can be found at garnerbonds.com.



The North Garner Dog Park at Garner Recreational Park opened in June 2015. A second dog park, also to be funded by bonds, will be constructed in south Garner.

Revenues, Expenditures, Changes in Fund Balance

TOTAL GENERAL FUND revenues for FY 2014-15 were \$27.23 million. The property tax rate increased from \$.49 to \$.50 per \$100 of assessed value to offset the issuance of general obligation bonds. Property taxes account for 57 percent of all revenues. Property taxes (other than registered motor vehicles, which are collected by the N.C. Division of Motor Vehicles) are assessed and collected by Wake County and remitted to the Town throughout the year.

Other taxes, which include the Town's share of statewide sales taxes, ABC revenue and heavy equipment rental taxes, account for 20 percent of all revenues. This category of revenues was boosted through continued improvement in the local economy and changes to the services to which sales tax is applicable.

The Town also received 13 percent of its revenues from other intergovernmental sources, including funding for street maintenance, the Town's public, educational and government television channel, Senior Center improvements and police operations and equipment.

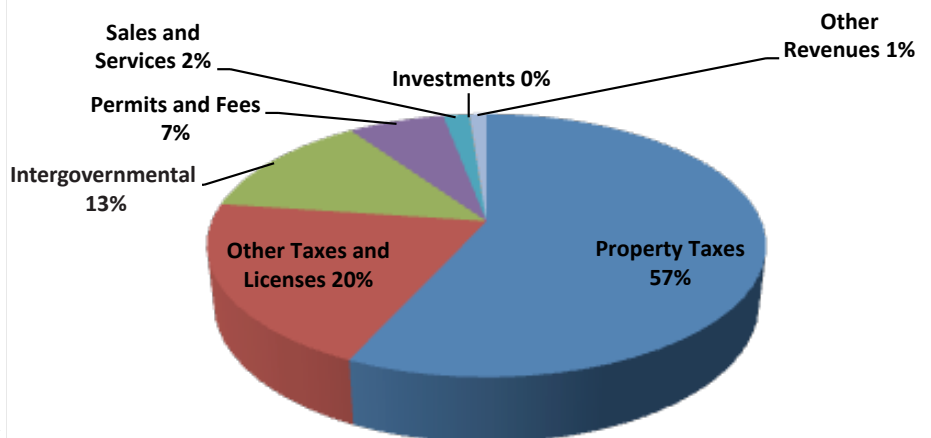
The total cost of general fund programs and services was \$25.04 million. The cost of public safety programs accounted for 42 percent of expenditures, while general government functions accounted for 23 percent. The Town added several positions within Development Services (Planning, Inspections, Engineering and Economic Development) to enhance services provided to the development community due to the significant increase in activity coming out of the recession.

Other projects and programs completed in the fiscal year include the addition of a building maintenance technician to support facility maintenance;

General Fund Revenues

	2015	2014
Property taxes	\$15,469,793	\$15,467,523
Other taxes and licenses	5,547,552	5,117,135
Intergovernmental revenues	3,580,904	2,918,900
Permits and fees	1,816,364	3,851,543
Sales and services	490,653	514,268
Investment earnings	8,531	5,302
Other revenues	316,348	271,329
TOTAL	\$27,230,145	\$28,146,000

2015 General Fund Revenues



funding for three additional firefighters to Garner Volunteer Fire-Rescue, Inc. (the Town's contracted fire protection provider); and additional funding for pavement maintenance and repair. Overall, total expenditures per capita decreased from \$1,057 to \$926.

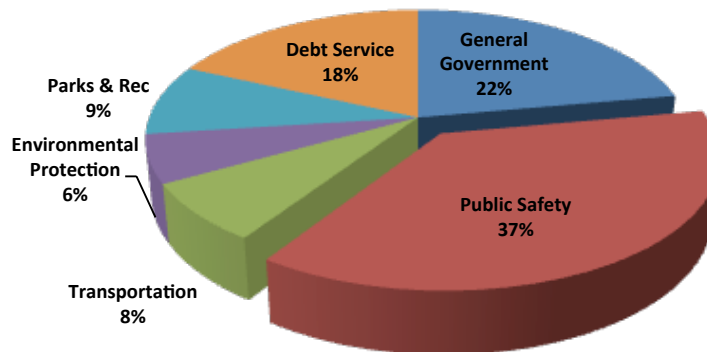
Overall, general fund revenues and other financing sources exceeded expenditures and transfers by \$2.513 million, which was added to the Town's fund balance. Fund balance is like a savings account for the Town and can be used to fund capital projects, balance the budget and for emergencies or cash flow during the year.

continued on next page

General Fund Expenditures

	2015	2014
General government	\$5,688,444	\$6,330,924
Public safety	10,341,777	10,646,438
Transportation	2,350,138	2,128,167
Environmental protection	1,768,301	1,736,723
Cultural/recreational	2,620,696	2,540,999
Debt service	2,270,816	5,195,203
TOTAL	\$25,040,172	\$28,578,454

2015 General Fund Expenditures

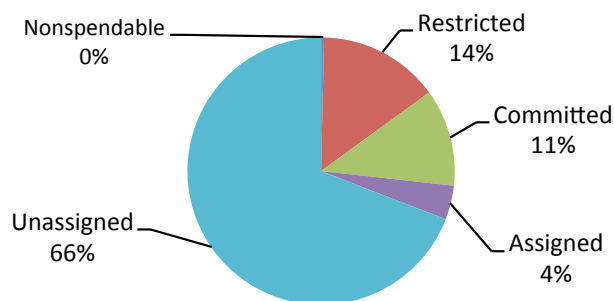


Categories of Fund Balance

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The graph on the right shows the different categories of fund balance. These categories represent any external or Town Council-initiated restrictions on how fund balance can be used. Unassigned is the least restrictive and can be used for any purpose.

Unassigned fund balance at the end of fiscal year 2015 totaled \$16.405 million, an amount equal to 66 percent of expenditures. The Town's policy is a minimum of 30 percent.



Nonspendable	\$84,259
Restricted	3,473,514
Committed	2,791,034
Assigned	978,865
Unassigned	16,405,277



[/townofgarner](#)



You can also stay connected to the Town and your neighbors on [nextdoor.com](#).

